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Executive Board of the United Nations Entity for Gender Equality and the Empowerment of Women

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Management response to the report of the Advisory Committee on Administrative and Budgetary Questions on the institutional budget estimates for the United Nations Entity for Gender Equality and the Empowerment of Women for the biennium 2012-2013

1. The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) expresses its appreciation to the Chair and the members of the Advisory Committee on Administrative and Budgetary Questions for their valuable comments and advice on the institutional budget estimates for 2012-2013 (UNW/2011/11). The comments and recommendations of the Advisory Committee (UNW/2011/12) are well received and appreciated. UN-Women would like to provide, in the following paragraphs, management's response to selected comments and recommendations, of the Advisory Committee, where warranted.

2. UN-Women appreciates that the Advisory Committee has no objection to the use of a "net" appropriation in the institutional budget approval process, as mentioned in paragraph 6 of its report. With regard to why a larger contribution from extrabudgetary income should not be made towards the cost of the institutional budget, UN-Women has included this partial amount for the following reasons:

(a) It is important to highlight that the presentation of extrabudgetary income is in line with the practices of other funds and programmes, specifically the United Nations Development Programme (UNDP);

(b) UN-Women, as a new entity, is taking a cautious and conservative approach to integrating extrabudgetary income into the first full-fledged institutional budget. As outlined in the institutional budget, one of the organizational and budget priorities for UN-Women in 2012-2013 is to ensure sustainable funding for the Entity's base staffing capacity;

(c) The actual level of extrabudgetary funding for the institutional budget depends on: (i) the amount of contributions effectively received during the period; (ii) programme delivery, which depends on the rate of project implementation; and

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(iii) managing the risk associated with the timing of the receipt of earmarked contributions. This is a cautious and prudent approach for UN-Women in managing cost-recovery income in its first biennial institutional budget. Any remaining unutilized income is part of the closing balance under earmarked contributions and would be available for future planning;

(d) It is important to highlight that the use of extrabudgetary income is presented in the institutional budget document (UNW/2011/11), both in the resources plan and in table 1, under "earmarked resources" for specific strategic plan outputs.

3. As recommended by the Advisory Committee in paragraph 7 of its report, it is the intention of UN-Women to present the full extent of extrabudgetary income in future budgets, on the basis of UN-Women's own experience with its first biennial institutional budget, and taking into consideration the experiences of UNDP, the United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF) in the accounting of extrabudgetary income. UN-Women needs time to analyse, weigh and understand the full implications of any options available in the context of its mandate and the harmonization initiatives of United Nations funds and programmes.

4. With reference to the use of 16 per cent as a planning figure, mentioned in paragraph 8 of the report of the Advisory Committee, UN-Women, in its management response, dated 25 January 2011, to the Committee's report on the proposals for the use of voluntary resources for the support budget for the biennium 2010-2011 (UNW/2011/4), clarified its intention regarding the 16 per cent ceiling in its 2011 budget: first, UN-Women intends to keep the management and administration component of support to the minimum necessary, and second, the pace of growth in support activities should not exceed the rate of programme development. The ceiling should not be understood as a proposed threshold for the support budget. In addition, the 16 per cent rate would not be a good measure in the context of UN-Women for the following reasons: (a) as 2011 was the first year of operation of UN-Women, there is no adequate biennial baseline against which to compare the 2012-2013 threshold; (b) the cost classification methodology applied in formulating the 2011 transitional support budget is not the same as the harmonized cost classification and budget preparation methodology used in developing the 2012-2013 institutional budget; (c) of the 19.1 per cent of the total share of resource utilization for the 2012-2013 institutional budget (covering development activity, United Nations development coordination and management activities), the requirements for management represent 10.8 per cent. Thus, the 2011 provisional support budget cannot be compared to the 2012-2013 biennial institutional budget. Furthermore, programme delivery at the country level is the primary focus of UN-Women. Over 86.3 per cent of projected resource use for 2012-2013 would be devoted to development activity and 2.9 per cent to United Nations development coordination, while the share devoted to management activities would be 10.8 per cent.

5. UN-Women is committed to maintaining the operational costs at a level commensurate with its programme delivery and in line with efficiency and effectiveness measures that will be implemented in the context of the roll-out of its regional architecture and gradual strengthening of field presence.

6. With reference to the Advisory Committee's request in paragraph 14 of its report that future budget submissions of UN-Women contain full justification for the

posts requested, UN-Women believes that detailed justifications were provided in paragraphs 59 to 65 of the institutional budget document (UNW/2011/11). Those paragraphs provide a comprehensive explanation of the volume increase for each specific area of investment, the rationale and the purpose. This presentation is harmonized with that of UNDP, UNFPA and UNICEF. Moreover, UN-Women will continue to harmonize its budget preparation methodology, including in the work of those organizations towards an "integrated budget" in 2014, in line with Executive Board decision 2011/1.

7. In conclusion, UN-Women is highly appreciative that the Advisory Committee recognized in paragraph 18 of its report that UN-Women has formulated a more realistic 2012-2013 institutional budget and that it recommended approval of the UN-Women institutional budget estimates for 2012-2013.